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Q2
International Journal of Electronic Commerce, Vol. 1, No. 1, Fall 1996, at pages 127-149, present economic forces underlying this transition. Several success stories about Internet auctions are cited by Efraim Turban in "Auctions and Bidding on the Internet: An Assessment", *International Journal of Electronic Markets*, Vol. 7, No. 4; <http://www.electronicmarkets.org/>.

BB
2/15/07
Please replace the paragraph on page 4, lines 4 to 17, with the following rewritten paragraph:

Q3
Once the bidding phase is over, the bidders with the highest bids get the item being auctioned, but the price they pay could be the same as what they bid or lower. In a Discriminative Auction, also known as "Yankee auction", the winners pay what they bid. In a non-discriminative auction people with winning bids pay the price paid by the winning bidder with lowest bid (this is currently the trend on the internet; sites like www.ebay.com the Ebay site use this methodology for auctioning off multiple items and surprisingly this variation of auction is known as "Dutch auction" but is not a descending price auction). Finally, in an auction for a single item, in a "Vickrey auction", as described by David Vickrey in "Counter Speculation, Auctions, and Competitive Sealed Tenders", *The Journal of Finance*, March 1961, at pages 9-37, the winner pays the price bid by the second highest bidder. "Vickrey auctions" are also referred to as second price sealed bid auctions.

Please replace the paragraph beginning on page 4, line 18, and continuing to page 5, line 1, with the following rewritten paragraph:

Q4
Restrictions on bid amount: In all auctions the seller can specify the minimum starting bid. To speed up the bidding process minimum bid increments are often enforced. The bid increment is roughly proportional to the current bid, i.e., they are